

EX PARTE OR LATE FILED

ORIGINAL
FILE

COLE, RAYWID & BRAVERMAN

ATTORNEYS AT LAW

SECOND FLOOR

1919 PENNSYLVANIA AVENUE, N. W.

WASHINGTON, D. C. 20006-3458

(202) 659-9750

ALAN RAYWID
(1930-1991)

CABLE ADDRESS
"CRAB"

TELECOPIER
(202) 452-0067

RECEIVED

JAN 27 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 27, 1993

Direct Dial
(202) 828-9820

JOHN P. COLE, JR.
BURT A. BRAVERMAN
ROBERT L. JAMES
JOSEPH R. REIFER
FRANCES J. CHETWYND
JOHN D. SEIVER
WESLEY R. HEPPLER
PAUL GLIST
DAVID M. SILVERMAN
JAMES F. IRELAND III
MAURITA K. COLEY
STEVEN J. HORVITZ
ROBERT G. SCOTT, JR.
SUSAN WHELAN WESTFALL
GARY I. RESNICK
JANET R. THOMPSON*
YVONNE R. BENNETT
THERESA A. ZETERBERG
STEPHEN L. KABLER
JOHN DAVIDSON THOMAS
TIMOTHY R. FURR
MARIA T. BROWNE**
BENJAMIN E. GOLANT

* ADMITTED IN PENNSYLVANIA ONLY

** ADMITTED IN VIRGINIA ONLY

BY HAND

Donna R. Searcy
Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: MM Dockets 92-263 92-266

Dear Ms. Searcy:

Enclosed on behalf of Continental Cablevision of Broward County, Inc. is a response to concerns raised December 15, 1992 by Environ Towers II Condominium Association.

Sincerely,



Paul Glist

Enclosure

No. of Copies rec'd
List A B C D E

273



Continental Cablevision of Broward County

RECEIVED

January 25, 1993

Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

JAN 27 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: Environ Towers II Condominium Association letter dated
December 15, 1992 regarding Cable Television Rulemaking
Proceedings MM Dockets 92-263 & 92-266

Dear Sir or Madam:

This letter is to respond to the issues raised by the Environ Towers II Condominium Association in their letter to you. In order to fully understand the situation, some background information is required.

The Association entered into a promotional service agreement with our predecessor, American Cablesystems of Florida, in July, 1987 for 34 channels of service. We provide them with 45 different channels under the agreement. This promotional agreement also provided the Association with low rates for a period of several years. Due to the increase in both the amount of cost of programming, along with the increase in the cost to operate the system and provide high quality service to the residents, it now costs us more than we receive to provide service to the Association. We have let the initial promotional term run its course, however, we are not offering to extend the same unprofitable rates.

The Association has been receiving a discount of approximately 70% off our regular retail rates. The agreement specifically states that at the expiration of the initial promotional term, the Association can either renew the agreement at our then prevailing bulk rates or allow the individual residents the option to purchase service at regular retail prices, disconnect or reduce their service to a lower priced option. The language of the agreement is very specific. Both parties entered into the agreements with the full knowledge that the promotional rates would someday expire.

In order to fully understand this situation, some additional facts are required. The 45 programming channels the Association receives are comprised of two levels of service. Our Lifeline Service offers 21 channels of off-air stations, superstations, PEG channels and C-Span, while our Satellite Service provides an additional 24 satellite delivered channels, including two regional sports services. These two levels of service combined create our Total TV

Federal Communications Commission
January 25, 1993
Page 2

package, which is priced at \$23.85 per month plus tax. Additional outlets including both tiers of service are \$5.50 per month plus tax. The price under the Association's promotional agreement is only \$8.58 per month plus tax for each unit for the Total TV package on two outlets.

We fully understand the Association's concern regarding the change in rates. It is our opinion that it would be too large an increase for the residents to absorb to go from the below cost rates they have been enjoying to either the prevailing bulk rate or regular retail rates. The Association was interested in pursuing a new bulk service agreement, therefore, we proposed phasing in the increase to prevailing bulk rates over a five year period.

Our prevailing bulk service rate was established by determining the operational savings obtained by providing service on a bulk basis. The savings come in two areas. First, billing and collection costs decrease, since we mail fewer statements and the association collects from the residents. Second, since many residents are here for only part of the year, we eliminate the cost of sending a technician out twice; to disconnect service when a resident leaves and then reconnect them upon their return. This two areas allow us to pass on a savings or discount of 25%.

The three year transition we proposed to the Association provides them with a 50% discount in year one, a 40% discount in years two and three, a 30% discount in years four and five, and a 25% discount in years six and seven. We believe that this proposal meets the needs of both parties by allowing the Association to phase in the rate adjustment to prevailing bulk rates over several years. At the same time, it allows the company an opportunity to begin covering its operating costs, and, over the course of time, recoup our losses and earn a fair and reasonable return on our investment.

I will be happy to provide you with any additional information regarding either this Association or other bulk accounts in Broward County.

Sincerely,



Ellen Filipiak
Vice President and District Manager